

PUBLIC DISCLOSURE

December 29, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION FOR SAVINGS IN NEWBURYPORT AND ITS VICINITY

90250

93 STATE STREET

NEWBURYPORT, MA 01950

Division of Banks

1000 Washington Street

Boston, Massachusetts 02118

Federal Deposit Insurance Corporation

350 Fifth Avenue, Suite 1200

New York, New York 10118

<p>NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>

TABLE OF CONTENTS

I.	General Information	1
II.	Institution Rating	
	A. Overall Rating	1
	B. Performance Test Ratings Table	1
	C. Summary of Major Factors Supporting Rating.....	2
III.	Institution	
	A. Scope of Examination	4
	B. Description of Institution.....	5
	C. Description of Assessment Area	6
	D. Conclusions with Respect to Performance Tests.....	10
	1. Lending Test	10
	2. Investment Test.....	17
	3. Service Test.....	22
IV.	Appendices	
	A. Fair Lending Policies and Practices (Division of Banks).....	A-1
	B. Loss of Affordable Housing (Division of Banks).....	A-3
	C. Glossary	A-4

GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the credit needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Institution for Savings in Newburyport and its Vicinity** (“**Institution for Savings**” or “**the Bank**”), prepared by the Division and the FDIC, the institution's supervisory agencies, as of **December 29, 2014**. The agencies evaluate performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and in Appendix A to 12 CFR Part 345.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory.”

The following table indicates the performance level of Institution for Savings with respect to the Lending, Investment, and Service Tests.

PERFORMANCE TESTS			
Institution for Savings in Newburyport and its Vicinity			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Satisfactory**	X		X
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

**Note: FDIC rules and regulations stipulate use of a “High Satisfactory” and “Low Satisfactory” rating for the three tests. For purposes of this jointly issued public evaluation, the term “Satisfactory” will be used in lieu of the “Low Satisfactory” rating for the Lending, Investment, and Service Test ratings.

LENDING TEST

The Lending Test is rated “Satisfactory” based on the following factors:

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- An adequate percentage of loans (56.0 percent) are made in the Bank’s assessment area. Overall, 53.7 percent of all home mortgage and 80.3 percent of all small business loans were made within the Bank’s assessment area.
- Overall, the geographic distribution of loans reflects adequate dispersion throughout the assessment area, particularly in low- and moderate-income census tracts. In 2013 there were no low-income census tracts and in 2014 there was one. The Bank’s performance within the moderate-income census tracts demonstrated an increasing trend, with 11 loans in 2013 and 25 loans in 2014. In 2013, the Bank originated only 1 small business loan within the moderate-income census tracts; however, in 2014 the Bank originated 18 loans within the moderate-income census tracts.
- Overall, the Bank exhibited adequate penetration of loans to borrowers of different incomes and businesses of different sizes. The distribution of borrowers reflects, given the product lines offered by Institution for Savings, adequate penetration among borrowers of different income levels and good penetration to businesses with gross annual revenues (GARs) of \$1 million or less. In 2013 the Bank’s lending to low- and moderate-income borrowers was less than aggregate; however, 2014 performance demonstrated an overall increase in originations to low- and moderate-income borrowers. The Bank’s performance in lending to small business in 2013 exceeded the aggregate and was consistent with the percentage of businesses with GARs of \$1million or less.
- The Bank exhibits an adequate record of serving the credit needs of the most economically disadvantaged area of its assessment area, low- and moderate- income individuals, and very small businesses, consistent with safe and sound banking practices.
- The Bank made an adequate level of community development loans. During the evaluation period the Bank made 13 community development loans, of which five were inside and eight were outside the assessment area.
- The Bank makes limited use of innovative or flexible lending practices in order to serve assessment area credit needs.

INVESTMENT TEST

The Investment Test is rated “High Satisfactory” based on the following:

- The Bank has a significant level of qualified community development investments and grants. Qualified equity investments totaled approximately \$23.3 million and included five equity investments, three of which were new since the prior evaluation. Through three charitable foundations, the Bank made approximately \$1 million in qualified donations.

- The Bank exhibited a good responsiveness to community development needs through its qualified grants and donations and significantly uses innovative or complex investments to support community development initiatives.

SERVICE TEST

The Service Test is rated “Satisfactory” based on the following:

- Institution for Savings’ delivery systems are accessible throughout the assessment area and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals. The Bank did not close or relocate branch locations while five full branch locations were opened; these openings improved the accessibility of delivery systems. The Bank provides an adequate level of community development services, including financial expertise to community development groups in the assessment area. Employees and senior management support organizations related to affordable housing, homelessness prevention, elderly housing, and financial education.

SCOPE OF THE EXAMINATION

This evaluation was conducted jointly by the Division and the FDIC. Large Bank CRA examination procedures were used to evaluate the Bank's CRA performance pursuant to three tests: Lending, Investment, and Service. The CRA evaluation considered activities from August 16, 2011, through December 29, 2014. Based on the volume and composition of residential and small business loans, opening of branches, and deposits, the Bank's assessment area was reviewed using full-scope procedures.

The Lending Test focused on home mortgage and small business loans originated between January 1, 2013 and September 30, 2014 (YTD 2014). Since residential mortgage lending represents the Bank's primary product line, as reflected in both the September 2014 Call Report data and recent lending activities, more weight is assigned to this loan type when arriving at Lending Test conclusions and ratings. Home mortgage loans include home purchase, home improvement, and refinances that were originated or purchased during the period reviewed. Home mortgage loan data is derived from the Bank's Loan Application Registers (LARs) maintained in accordance with the Home Mortgage Disclosure Act (HMDA). The Bank's home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least a single home mortgage loan in the Bank's designated assessment area. The Bank's home mortgage lending performance was also compared with demographic data.

Small business loans include commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. Information concerning small business loans was derived from the CRA Loan Registers (LRs) submitted annually by the Bank to the Federal Financial Institutions Examination Council (FFIEC). The Bank's small business lending activity performance is compared to 2013 aggregate data and relevant demographic data. Small farms loans and consumer loans were not analyzed as part of this evaluation as these loans do not constitute a substantial portion of the Bank's loan portfolio or recent lending activity. Small business market share reports, due to limitations in the data, default to the county level; therefore, ranks assigned reflect all activity within the counties in which the Bank designated at least a portion of its assessment area, unless otherwise noted.

The Investment Test considered all qualified equity investments and donations/contributions made since the prior evaluation. In addition, any qualified equity investments acquired by the Bank prior to the current evaluation period, but remaining on the books, also received consideration in this evaluation.

The Service Test evaluated the availability and effectiveness of the Bank's retail banking services, as well as the level of community development services in the assessment area. Similar to the Investment Test, the review considered all activity since the prior CRA evaluation.

Demographic information utilized in this evaluation was derived from the 2010 U.S. Census unless otherwise noted. Financial data was obtained from the September 30, 2014 Report of Condition and Income (Call Report).

PERFORMANCE CONTEXT

Description of Institution

Institution for Savings in Newburyport and its Vicinity was established as a mutual savings bank. In addition to its main office, the Bank operates 10 full-service branch offices located in Beverly, Gloucester, Ipswich (2), Newburyport, Rockport (2), Rowley, Salisbury and Topsfield. The Bank operates a residential lending office in Newburyport and a commercial lending center in Rowley. The Bank also operates five school branches (Beverly High School, Ipswich High School, Masconomet Regional High School, Newburyport High School, and Triton Regional High School).

All branches are equipped with automated teller machines (ATMs) and there are no remote ATMs. The Bank's ATMs (15) accept deposits and are connected to SUM[®], an alliance between many community banks that have agreed not to assess ATM surcharge fees to any of the other member banks' customers. On August 29, 2014, the Bank acquired Rockport National Bancorp, Inc., and its wholly owned subsidiary bank, Rockport National Bank, through RNB Acquisition Corporation to be formed as a wholly owned subsidiary of Institution for Savings.

The Bank is a full-service financial institution that offers multiple products and services. The Bank offers a variety of mortgages and loans including fixed-rate and adjustable-rate mortgages, home equity loans, lines of credit, home improvement unsecured loans, automobile loans, and personal loans. The Bank offers commercial real estate loans, commercial term loans, lines of credit, and SBA loans. The Bank also offers deposit products and services, including checking accounts, savings accounts, money market accounts, certificates of deposit, and IRAs. Services for businesses include checking and sweep accounts, savings and money market accounts, cash management, internet banking, bill pay, mobile banking and mobile deposit, and e-statements.

As of September 30, 2014, the Bank had total assets of \$2.0 billion and total deposits of \$1.7 billion. Total loans were approximately \$1.4 billion and represented 69.3 percent of total assets. For the period of June 30, 2011 through September 30, 2014, the Bank's average net loan-to-deposit ratio was 77.3 percent. The Bank's quarterly net loan-to-deposit ratios have fluctuated from a low of 72.5 percent in March 2012 to a high of 82.4 percent in September 2014. Since the last CRA evaluation, the Bank's assets increased 64.6 percent, net loans increased 86.3 percent, and deposits grew 73.9 percent. Per Bank management, the Bank had unprecedented growth and loan volume due to low interest rates on home mortgage loans, high interest rates on deposits, and the Bank's special offers on certificates of deposit.

The Bank is primarily a real estate lender with a majority of the loan portfolio secured by residential properties. Table 1 illustrates the current distribution of the Bank's loan portfolio.

Table 1 – Loan Portfolio Distribution as of September 30, 2014		
Loan Type	Dollar Amount \$('000)	Percent of Total Loans (%)
Loan Type		
Construction, Land Development, and Other Land Loans	18,658	1.3
1-4 Family Residential	1,091,906	79.1
Multifamily	31,820	2.3
Commercial	219,014	15.9
Total Real Estate Loans	1,361,398	98.6
Commercial and Industrial	15,094	1.1
Credit Cards/other revolving credit plans	1,396	0.1
Consumer	3,052	0.2
Total Loans	1,380,940	100.0

Source: September 30, 2014 Call Report

The Bank does not sell loans, but it does purchase loans. During the examination period, the Bank purchased 129 loans totaling \$81 million from Leader Bank. Also, Institution for Savings is a member of the Federal Home Loan Bank system and borrows funds to support additional loan commitments.

The Division and the FDIC last evaluated the Bank's CRA performance using Intermediate Small Bank procedures as of August 15, 2011, resulting in a "Satisfactory" rating.

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. Based upon the Bank's asset size, product offerings, and branch network, its ability to meet the community's credit needs remains strong.

Description of Assessment Area

The CRA requires that a financial institution define an assessment area, or areas within which it will concentrate its lending efforts, and within which its record of helping to meet the needs of its community will be evaluated. The assessment area, as currently defined, meets the technical requirements of the CRA since it (1) consists of one or more political subdivisions; (2) includes geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the bank originated a substantial portion of its loans; (3) consists of whole census tracts; (4) does not reflect illegal discrimination; and (5) does not arbitrarily exclude low- and moderate-income areas.

The Bank's assessment area consists of 19 cities and towns located in Essex County and consisting of Amesbury, Beverly, Boxford, Essex, Georgetown, Gloucester, Groveland, Hamilton, Ipswich, Manchester-by-the-Sea, Middleton, Newbury, Newburyport, Rockport, Rowley, Salisbury, Topsfield, Wenham, and West Newbury. To assess the Bank's lending performance for this evaluation, consideration is given to demographic data in the assessment area. Refer to Table 2 for pertinent demographic information about the assessment area.

Table 2 – Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	45		11.1	35.6	53.3
Population by Geography	206,115		8.7	35.7	55.6
Owner-Occupied Housing by Geography	58,214		5.8	36.1	58.1
Distribution of Families by Income Level	53,001	15.0	14.7	19.2	51.1
Business Geography (2013)	22,209		12.2	32.7	55.1
Median Family Income (MFI)		\$80,340	Median Housing Value		\$459,752
2013 FFIEC Updated MFI		\$83,500			
Families Below Poverty Level		3.8%			
			Unemployment Rate		7.1%

Source: 2010 U.S. Census Data; 2013 D&B Data, 2013 FFIEC-Updated MFI

Economic and Demographic Data

In 2013, the Bank's assessment area consisted of 45 census tracts, of which, there were no low-income census tracts, 5 moderate-income census tracts, 16 middle-income census tracts and 24 upper-income census tracts. The five moderate-income census tracts are located in Beverly (2) and Gloucester (3). In 2014, due to the reallocation of census tracts, the Bank's assessment area now consists of one low-income census tract (Gloucester), seven moderate-income census tracts (Beverly (3) and Gloucester (4)), 24 middle-income census tracts, and 13 upper-income census tracts.

The assessment area has a total population of 206,115 residing in 53,001 family households. Of all family households in the area, 15.0 percent are low-income, 14.7 percent are moderate-income, 19.2 percent are middle-income, 51.1 percent are upper-income and 3.8 percent are families below the poverty level. Of the 79,500 households, 16,380, or 20.6 percent, are low-income, 10,376, or 13.1 percent, are moderate-income, and 5,264, or 6.6 percent, are households that are below the poverty level. This poverty rate, as well as the 3.8 percent of families below the poverty level, typically indicates a reduced ability to secure a home mortgage loan, thereby reducing an institution's ability to penetrate these markets through residential loan products.

The assessment area consists of 88,313 total housing units, with 58,214, or 65.9 percent, designated as owner-occupied, 21,286, or 24.1 percent, designated as rental units, and 8,813, or 10.0 percent, vacant. Of the 58,214 owner-occupied housing units, 3,369, or 5.8 percent, are in moderate-income census tracts. The median housing value in 2010 for the assessment area was \$459,752, and the median age of the housing stock was 53 years.

Data obtained from the 2013 Business Geo-demographic Data show that there are 22,209 businesses in the assessment area, of which 75.2 percent have GARs of \$1 million or less, 4.6 percent have GARs greater than \$1 million, and the remaining 20.2 percent have unknown revenues. Of total businesses in the assessment area, 12.2 percent are in moderate-, 32.7 percent are in middle-, and 55.1 percent are in upper-income census tracts. The highest proportion (46.0 percent) of these business establishments are engaged in the services industry. Non-classifiable establishments (12.6 percent), retail trade (11.3 percent), and construction (8.4 percent) make up a significant share of the remaining establishments. In terms of employees, approximately 68.7 percent of the area's businesses employ four or fewer people. Included among the largest employers in the

assessment area are American Renal Associates, Ana Jaques Hospital, Addison Gilbert Hospital, and the Essex County Sheriff's Department.

Per the December 2013 statistics gathered from the Bureau of Labor Statistics, the unemployment rate for Massachusetts is 7.1 percent. This represents an increase compared to the annual percentage of 2012, where the unemployment rate in Massachusetts was 6.8 percent. The annual unemployment rate for 2013, for Essex County was 7.5 percent, which shows a higher unemployment rate for the Bank's area compared to Massachusetts as a whole.

Competition

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies with single office locations to the largest banks in New England. Among the more prominent lenders competing with the Bank are Newburyport Five Cents Savings Bank, Provident Bank, Eastern Bank, Cape Ann Savings Bank and Salem Five Cents Savings Bank. Aggregate lending data shows that, in 2013, 396 lenders originated 16,288 home mortgage loans in the Bank's assessment area. JP Morgan Chase Bank ranked 1st with 1,172 loans and a 7.2 percent market share, Wells Fargo Bank ranked 2nd with 1,070 loans and a 6.6 percent market share, and Institution for Savings ranked 3rd. The assessment area has no one primary credit need. The area's residents need a variety of retail loan products to meet personal needs and an array of home financing programs for the purchase, construction, improvement, or refinance of residences.

According to the 2013 small business aggregate data, 76 lenders originated 12,079 small business loans in the Bank's assessment area. Institution for Savings ranked 26th, originating 46 loans with a market share of 0.4 percent. The top three small business lenders in the assessment area were American Express originating 3,372 loans with 27.9 percent market share, followed by FIA Card Services originating 1,043 loans with 8.6 percent market share and Capital One Bank originating 920 small business loans with 7.6 percent market share. The market share data includes several large credit card lenders who originate and report a high volume of small dollar credit cards for business purposes. Institution for Savings does not offer a business credit card product. The area's business base also requires numerous commercial credit options to meet a wide variety of short- and long-term financing purposes.

Community Contact

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

A community contact was conducted with an organization that provides decent, safe, affordable housing opportunities for residents of the Newburyport region. While the Bank's assessment area largely consists of middle- and upper-income census tracts, the community contact stressed that there are low- and moderate-income individuals and families in the area in need of affordable housing. According to the contact, the single most important housing need in the area is for the expansion and creation of affordable rental units. Many of the pre-existing affordable rental units were converted to upscale condominiums as a result of the development of the downtown Newburyport area.

Overall, the community contact was pleased with the responsiveness of local financial institutions to the area's credit needs, but did indicate that more involvement with the financing aspect of affordable housing projects would be helpful. The contact also expressed the need for more "low income-to-moderate income friendly loan products" in order to assist in the overall affordable housing effort.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The Lending Test evaluates the institution's record of helping to meet the credit needs of its assessment area by considering an institution's home mortgage, small business, small farm (where applicable), and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: (1) the volume of lending activity; (2) the proportion of lending within the assessment area; (3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area; (4) the distribution of loans among low-, moderate-, middle- and upper-income borrowers and businesses of different sizes; (5) the volume of community development lending; and (6) the use of innovative or flexible lending practices.

Institution for Savings' performance under the Lending Test is rated "Satisfactory."

LENDING ACTIVITY

The Bank exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low- and moderate-income individuals, and/or very small businesses, consistent with safe and sound banking practices.

Home Mortgage Loans

In 2013, the Bank originated 513 home mortgage loans totaling \$155 million in the assessment area. Refinance (48.5 percent) and home purchase loans (33.3 percent) represented the primary focus of the Bank's home mortgage lending. Home improvement loans accounted for 18.2 percent of total loans. In YTD 2014, home loans inside the assessment area decreased to 270 loans. The decline is attributed to less refinance activity, caused by competition and demand. However, proportional increase occurred in the area of home purchase loans, as the Bank's lending increased from 33.3 percent to 58.5 percent.

Small Business Loans

In 2013, the Bank reported 46 small business loans totaling \$7 million in the assessment area. Small business loans are originated for a variety of business purposes such as working capital, business expansion, equipment purchases, and the purchase or refinance of commercial real estate. In YTD 2014, the number of small business loans increased (60 loans), as well as dollar volume (\$9.5 million) compared to the prior year. The increase is attributed to the Rockport acquisition.

ASSESSMENT AREA CONCENTRATION

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The analysis includes both residential lending and small business lending. The distribution of loans by number bears more weight on the Bank's rating than the distribution by dollar amount, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans.

Based on a review of home mortgage and small business loan data, an adequate percentage of the Bank's lending activity occurred within the Bank's assessment area. Table 3 illustrates the Bank's record of extending home mortgage and small business loans inside and outside the assessment area by number and dollar amount over the period reviewed.

Table 3 - Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number Loans					Dollar Volume (\$'000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2013										
Home Purchase	171	41.3	243	58.7	414	59,103	34.8	110,537	65.2	169,640
Refinance	249	62.7	148	37.3	397	70,623	55.4	56,767	44.6	127,390
Home Improvement	93	65.5	49	34.5	142	25,349	63.0	14,893	37.0	40,242
Total	513	53.8	440	46.2	953	155,075	46.0	182,197	54.0	337,272
YTD 2014										
Home Purchase	158	55.6	126	44.4	284	56,122	51.1	53,650	48.9	109,772
Refinance	77	48.4	82	51.6	159	22,042	38.4	35,400	61.6	57,442
Home Improvement	35	57.4	26	42.6	61	10,958	41.9	15,185	58.1	26,143
Total	270	53.6	234	46.4	504	89,122	46.1	104,235	53.9	193,357
Total Home Mortgage Loans	783	53.7	674	46.3	1,457	244,197	46.0	286,432	54.0	530,629
Small Business 2013	46	85.2	8	14.8	54	7,088	69.6	3,100	30.4	10,188
Small Business YTD 2014	60	76.9	18	23.1	78	9,546	56.5	7,352	43.5	16,898
Total Small Business	106	80.3	26	19.7	132	16,634	61.4	10,452	38.6	27,086
Grand Total	889	56.0	700	44.0	1,589	260,831	46.8	296,884	53.2	557,715

Source: 2013 and YTD 2014 HMDA LARs, 2013 Small Business Loans, and YTD 2014 CRA LR

GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans was reviewed to determine how well the Bank is addressing the credit needs throughout the assessment area. This performance criterion focuses on the distribution of lending in the area's low- and moderate-income census tracts. Overall, considering assessment area demographics, aggregate data, and performance context factors, the number and percentage of home mortgage and small business loans in the low- and moderate-income geographies reflects an adequate dispersion.

Home Mortgage Loans

Home mortgage loan activity, shown in Table 4, is compared to aggregate data and the percent of total owner-occupied housing units with emphasis on the low- and moderate-income census tracts. The geographic distribution of home mortgage loans reflects an adequate dispersion within the assessment area's low- and moderate-income census tracts.

In 2013, there were no low-income census tracts in the Bank's assessment area. Lending opportunities in moderate-income census tracts were limited as only 5.8 percent of the assessment area's owner-occupied housing was located within these census tracts. Market share data for 2013 showed 728 loans originated in moderate-income census tracts. Institution for Savings ranked 17th with 11 loans and a market share of 1.5 percent. JP Morgan Chase Bank ranked 1st with 58 loans and a market share of 8.0 percent followed by Wells Fargo Bank with 57 loans and a market share of 7.8 percent.

As previously mentioned in the *Description of the Assessment Area*, the Bank's assessment area changed in 2014 and now consists of 1 low-, 7 moderate-, 24 middle-, and 13 upper-income census tracts. The percentage of loans in all census tract income levels was similar to the Bank's 2013 lending performance as a majority of loans were originated in the middle- (50.7 percent) and upper-income census tracts (39.3 percent). However, the Bank originated 2 loans, or 0.7 percent, in the low-income census tract; while the percentage of loans in the moderate-income census tracts increased to 9.3 percent (25 loans).

Table 4 - Geographic Distribution - Home Mortgage Loans				
Census Tract Income Level	Owner-Occupied Housing Units (% of #)	2013 Aggregate Data (% of #)	2013 Bank Data	
			#	%
Moderate	5.8	6.0	11	2.1
Middle	36.1	33.3	123	24.0
Upper	58.1	60.7	379	73.9
Total	100.0	100.0	513	100.0
<i>Source: 2010 U.S. Census Data, 2013 Aggregate Data, and 2013 HMDA LAR</i>				

Given the competitive nature of the assessment area, the limited percentage of owner-occupied housing in the moderate-income tracts, and the positive trend from 2013 to 2014, the Bank's performance is considered adequate.

Small Business Loans

As depicted in Table 5, the Bank originated 1 small business loan, or 2.2 percent of all small business loans, in the moderate-income census tracts in 2013. This performance is significantly below the percentage of commercial businesses located in the low-income census tracts (12.2 percent), as well as the aggregate market performance (14.9 percent). In 2013, with a market share of 0.1 percent, the Bank ranked 26th out of the approximately 76 lenders, originating 1,613 small business loans, within the moderate-income census tracts in the assessment area. American Express ranked 1st with 348 loans and a 21.6 percent market share followed by Texas Capital Bank with 180 loans or 11.2 percent market share. However, it is recognized that these loan volume rankings are representative of performance of all moderate-income census tracts within Essex County and the aggregate lending volume includes national commercial credit card lenders. Both of these factors skew the comparative aggregate and market share analysis.

Table 5 - Geographic Distribution - Small Business Loans				
Census Tract Income Level	2013 Businesses (% of #)	2013 Aggregate Data (% of #)	2013 Bank Data	
			#	%
Moderate	12.2	14.9	1	2.2
Middle	32.7	41.3	17	36.9
Upper	55.1	43.8	28	60.9
Total	100.0	100.0	46	100.0
<i>Source: 2013 D&B Data, 2013 Aggregate Data, 2013 CRA LRs</i>				

YTD 2014 reflects a positive trend as the Bank originated one loan, or 1.6 percent, and 18 loans, or 30.0 percent, in the low- and moderate-income census tracts, respectively. There is no aggregate data for comparison; however, the lending activity outperformed the percentage of businesses in those census tracts, 0.1 percent and 16.8 percent, respectively.

Given the Bank's overall residential lending focus, the strong level of competition for small business lending within the assessment area, and the positive trend from 2013 to 2014, the Bank's overall performance reflects an adequate dispersion.

BORROWER PROFILE

This performance criterion evaluates the distribution of the Bank's residential and small business loans based on borrower characteristics. Analyses were conducted of the Bank's residential mortgage loans inside the assessment area based on borrower income and the Bank's small business loans inside the assessment area based on size of business. For home mortgage loans, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with GAR of \$1 million or less. Based on the review of the HMDA LARs and the CRA Small Business LR, the Bank achieved an adequate penetration of loans among individuals of different income levels and businesses of different revenue sizes.

Home Mortgage Loans

As reflected in Table 6, the Bank's distribution of loans to low-income borrowers, at 1.4 percent, is below the aggregate of 3.4 percent. It is also noted that lending to low-income borrowers was significantly lower than the percentage of low-income families (15.0 percent) in the area. However, for a significant portion of these low-income families qualifying for home mortgage loans is difficult, given the current economic environment. According to the 2010 U.S. Census, 3.8 percent of all families, and 6.6 percent of all households in the assessment area are below poverty level and would have difficulty qualifying for home financing.

Per the 2013 Market Share Data, of the 12,518 total applicants, 412, or 3.3 percent, were low-income applicants. Institution for Savings originated 7 loans to low-income applicants. The Bank ranked 15th to low-income borrowers. The Bank's performance was primarily exceeded by very large national or regional institutions, and mortgage companies; such as Bank of America, N.A. who ranked 1st with 35 loans to low-income applicants and a market share of 8.5 percent; JP Morgan Chase Bank who ranked 2nd with 29 loans to low-income applicants and a market share of 7.0 percent, and Wells Fargo Bank who ranked 3rd with 26 loans to low-income applicants and a 6.3 percent market share.

In 2013, the Bank originated 5.5 percent of total loans to moderate-income borrowers, which was lower than the aggregate of 11.8 percent and also below the percentage of moderate-income families at 14.7 percent. According to the 2013 market share report, 1,441 of the total 12,518 applicants were moderate-income and the Bank ranked 14th in lending to moderate-income borrowers with a 1.9 percent market share.

The YTD 2014 home mortgage loan activity reflects an increase in originations to low- (4.4 percent) and to moderate-income borrowers (11.9 percent). While the percentage of loans to low- and moderate-income borrowers increased, the percentages of loans to middle- (15.2 percent) and upper-income (60.7 percent) borrowers decreased.

Table 6- Borrower Profile - Home Mortgage Loans				
Borrower Income Level	Families (% of #)	2013 Aggregate Data (% of #)	2013 Bank Data	
			#	%
Low	15.0	3.4	7	1.4
Moderate	14.7	11.8	28	5.5
Middle	19.1	22.5	85	16.6
Upper	51.2	51.6	381	74.3
N/A	0.0	10.7	12	2.2
Total	100.0	100.0	513	100.0
<i>Source: 2010 U.S. Census Data, 2013 Aggregate Data, and 2013 HMDA LARs</i>				

Given the competitive lending environment in the assessment area, and the increased performance to low- and moderate-income borrowers from 2013 to 2014, the Bank's performance is considered adequate.

Small Business Loans

The distribution of small business loans in the assessment area reflects a good penetration of lending to business with GARs of \$1 million or less. Table 7 shows that in 2013 the Bank originated 73.9 percent of its loans to businesses with GARs of \$1 million or less and exceeded the aggregate lending percentage. In YTD 2014, the Bank's percentage of loans to businesses with GARs of \$1 million or less increased to 81.7 percent.

Table 7 - Distribution of Small Business Loans by Revenues				
GARs \$(000s)	2013 Businesses (% of #)	2013 Aggregate Lending (% of #)	2013 Bank Data	
			#	%
≤ \$1,000	75.2	47.6	34	73.9
> \$1,000	4.6	52.4	12	26.1
Not Reported	20.2	0.0	0	0.0
Total	100.0	100.0	46	100.0
<i>Source: 2013 D&B Data, 2013 Aggregate Data and 2013 CRA LRs</i>				

Given the competitive lending environment within the assessment area, the Bank's ability to exceed the aggregate percentage in 2013, and the positive trend displayed from 2013 to 2014, the Bank's performance is considered good.

COMMUNITY DEVELOPMENT LENDING

The Bank's community development lending activities are evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending.

For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Bank for consideration under small business or home mortgage lending (unless it is a multi-family

dwelling loan), and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

The Bank made an adequate level of community development loans. During the evaluation period, the Bank originated five community development loans totaling \$2.4 million inside their assessment area. During the previous CRA evaluation period, the Bank originated two community development loans and renewed one community development loan inside their assessment area, totaling \$4.5 million. As the Bank is adequately addressing the community development needs of its assessment area, qualified community development loans originated outside the Bank's assessment area were also included, as these activities benefit the regional area that includes the Bank's assessment area. The Bank made eight community development loans, totaling \$17.9 million outside their assessment area. In total, the Bank originated 13 loans totaling \$20.3 million during the evaluation period.

Listed below are the qualified community development loans made during the evaluation period:

- On November 3, 2011, in participation with Massachusetts Housing Partnership, the Bank originated a \$1.2 million loan to a non-profit organization for the construction of 48 (100.0 percent) affordable housing units in Ipswich. The units benefitted low- and moderate-income individuals.
- On November 25, 2011, the Bank originated a \$40,000 home equity line of credit to a non-profit organization that provides transitional housing to families in need in the communities of Amesbury, Newburyport, and Salisbury. The organization purchases homes to provide supportive housing to homeless and at-risk families.
- On August 3, 2012, the Bank provided two SBA 504 loans totaling \$4.0 million to a local business owner for the acquisition and renovation of an industrial/retail building to be constructed for a brewery, a 100 seat restaurant, a retail shop and visitors center. SBA 504 loans are made to small businesses seeking growth. The development of these businesses creates employment opportunities for low- and moderate-income individuals and contributes to the overall economic development of the community.
- On December 27, 2012, the Bank originated a \$725,000 construction loan to a non-profit organization to fund renovations and construction of 10 affordable housing units in Newburyport. The units benefitted low- and moderate-income individuals.
- On June 2, 2014, the Bank originated a \$5.1 million for the construction of a new community space for an organization that provides support and services to ensure low- and moderate- income individuals are adapted to the communities in which they live and can achieve and maintain levels of independence. Also, for those interested in working, the organization provides employment services.
- On December 4, 2014, the Bank originated a \$6.8 million loan to purchase a mixed-use commercial building in a low-income census tract with 94 residential units and 7 commercial units. Of the 94 residential units, 79 units qualify as affordable housing. The affordable housing units benefitted low- and moderate-income individuals.

Finally, it is noted that a majority of the Bank's community development loans were to for-profit real estate investors and are secured by multi-family housing. These loans were for the purchase, refinancing, and/or home improvement of these properties. Each of these properties offers affordable rental units for individuals and families inside and outside of the Bank's assessment area. The affordable units benefitted low- and moderate-income individuals and families. The Bank originated six affordable multi-family housing loans for an aggregate total of \$2.4 million.

INNOVATIVE OR FLEXIBLE LENDING PRACTICES

The Bank's innovative and flexible lending practices are evaluated pursuant to the following criteria: (1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

Institution for Savings makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs. The Bank offers a first-time homebuyer mortgage loan program tailored to assist low- and moderate-income individuals in pursuing or maintaining home ownership. Additionally, the Bank offers SBA loans to better meet the credit needs of the area's small businesses. Loans originated under these programs were reported on the Bank's HMDA LARs and CRA Small Business LR. The programs are described here in order to highlight the innovative and/or flexible underwriting standards employed in the origination of loans for low- and moderate-income people and to businesses of different sizes.

Detailed below are the Bank's qualifying loan programs.

First-Time Homebuyer Program

All first-time homebuyers are eligible to receive a \$500 credit towards their closing costs. The Bank's requirement is that all first-time homebuyers present, prior to closing, evidence that they have completed a first-time homebuyer program within the past 24-months. Those who complete the course offered by Coastal Homebuyer Education Inc. will receive a refund of their course fee at closing. In addition, the Bank will waive the requirement for private mortgage insurance with a down payment of less than 20.0 percent for first-time homebuyers who purchase an affordable income restricted housing unit located within the Bank's assessment area. These loans are made at the same market rate (no interest rate increase) as loans made to borrowers with a 20.0 percent or more down payment. During the evaluation period, the Bank originated seven loans within this program, totaling \$831,912 to low- and moderate-income borrowers.

Small Business Administration Loan Programs

The Bank also offers SBA loans through the 504 and 7A programs. These programs offer financing for qualified businesses that may not be eligible for traditional bank financing. SBA 504 loans provide growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. SBA 7A loans provide eligible borrowers with financing to start, acquire, and expand a small business. During the evaluation period, the Bank originated seven SBA 504 loans totaling \$5.1 million. No 7A loans were originated during the evaluation period.

INVESTMENT TEST

Institution for Savings' Investment Test performance is rated "High Satisfactory." A qualified investment for the purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the Investment Test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

Institution for Savings has a significant level of qualified community development investments. The Bank exhibited a good responsiveness to community development needs through its qualified grants and donations and significantly uses innovative or complex investments to support community development initiatives.

The majority of the Bank's investments are in Low-Income Housing Tax Credits. Qualified equity investments totaled approximately \$23.3 million and represents 4.9 percent of the Bank's overall total investments as of September 30, 2014. The level of qualified investments is significantly higher than the previous examination when the Bank had \$5.3 million in qualified equity investments, which represented 1.3 percent of the Bank's overall total investments.

Equity Investments

Current Period Investments

- In July 2014, the Bank made a \$7.8 million equity investment in Salem Point Apartments under an Investment and Management Agreement with Massachusetts Housing Investment Corporation (MHIC). The project involves a rehabilitation of Salem Point Apartments, which consists of 11 separate properties containing 77 units of affordable rental housing (100.0 percent), located in Salem, MA. The affordable housing units benefitted low- and moderate-income individuals.
- In November 2013, the Bank made a \$5.4 million equity investment in Turtle Creek Elderly housing. Turtle Creek is a 110-unit building located in Beverly, MA which is 100.0 percent affordable housing for elderly and disabled tenants. The tenants are primarily low- or moderate-income. The investment supports rehabilitating the property, specifically upgrading the infrastructure to make the building more energy efficient.
- In March 2012, the Bank made a \$5.5 million equity investment in Holcroft Park Homes Two LP under an Investment and Management Agreement with MHIC. The project is phase two of a two-phase development of 10 sites in the Gloucester Crossing neighborhood of Beverly, MA. The project involved the demolition of 5 existing buildings and new construction of 29 units of affordable family rental in two buildings, a

20 unit and 9 unit building. The affordable housing units benefit low- or moderate-income individuals.

Prior Period Investments

The following investments are from prior evaluations that the Bank continues to maintain on its books.

- In November 2010, the Bank made a \$5.0 million equity investment in Holcroft Park Homes. The project is co-sponsored by the MHIC, which is a private lender/investor that specializes in the financing affordable housing projects throughout Massachusetts. The investment supported the construction of six three-story buildings containing 58 units of affordable housing. The affordable housing primarily benefitted low- and moderate-income individuals. The current book value as of December 31, 2014 is \$4.1 million.
- The Bank has an equity investment in the Massachusetts Housing Finance Agency's (MHFA) CRA Qualified Investment Fund (Fund), which was made in 1999. The Fund accumulates money from numerous financial institutions and reinvests the funds into other qualified CRA investments. Proceeds from the CRA Fund benefitted the assessment area or broader regional areas that also included the assessment area. The current book value as of December 31, 2014 is \$500,000.

Charitable Contributions

The Bank is committed to assisting its assessment area and surrounding communities by making contributions and donations toward community based initiatives. These donations were made through the Bank's three Charitable Foundations: (1) 2 Depot Square Ipswich Charitable Foundation, which is dedicated to supporting economic development and improving the quality of life in the community, (2) Institution for Savings Charitable Foundation which was established in 1997 as a means to share the Bank's success with the community, and (3) Main Street Rockport Charitable Foundation which was established in 2014 when the Bank merged with Rockport National Bank.

The Bank provided a significant level of grants and donations during the evaluation period. Through the three foundations, the Bank provided 123 qualified grants for a total of \$1,065,152. During the evaluation period, the Bank made total donations of \$3.6 million, with qualified donations representing 29.5 percent of the Bank's total donations. A vast majority of the donations were made to organizations dedicated to serving the needs of low- and moderate-income individuals. Some of the services these organizations provide include affordable housing, health and human services, financial education, youth programs, and economic development. The Bank significantly increased the level of qualified donations since the last examination. Tables 8A, 8B, 8C and 9 provide a summary of the Bank's qualified contributions.

Table 8A - Community Development Grants and Donations by Category Institution for Savings Charitable Foundation										
Category	08/15/2011-12/31/2011		2012		2013		2014		TOTAL	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	25,000	1	6,000	1	50,000	1	25,000	4	106,000
Community Services	12	66,250	21	125,500	21	153,333	22	142,333	76	487,416
Revitalization/Stabilization	0	0	0	0	0	0	0	0	0	0
Economic Development	0	0	0	0	0	0	0	0	0	0
Total	13	91,250	22	131,500	22	203,333	23	167,333	80	593,416

Source: Internal Bank records

Table 8B - Community Development Grants and Donations by Category 2 Depot Square Charitable Foundation										
Category	08/15/2011-12/31/2011		2012		2013		2014		TOTAL	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	50,000	1	50,000	1	50,000	1	50,000	4	200,000
Community Services	4	25,000	5	32,500	10	52,603	11	45,500	30	155,603
Revitalization/Stabilization	0	0	0	0	0	0	0	0	0	0
Economic Development	0	0	0	0	0	0	0	0	0	0
Total	5	75,000	6	82,500	11	102,603	12	95,500	34	355,603

Source: Internal Bank records

Table 8C - Community Development Grants and Donations by Category Main Street Rockport Charitable Foundation*										
Category	08/15/2011-12/31/2011		2012		2013		2014		TOTAL	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	0	0	0	0	0	0	0	0	0
Community Services	0	0	0	0	0	0	9	116,133	9	116,133
Revitalization/Stabilization	0	0	0	0	0	0	0	0	0	0
Economic Development	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	9	116,133	9	116,133

Source: Internal Bank records

*The Bank acquired Rockport Savings Bank in October 2014

Table 9-Community Development Grants and Donations/Pre-tax Net Operating Income Institution for Savings Charitable Foundation, 2 Depot Square Charitable Foundation, and Main Street Rockport Charitable Foundation					
	08/15/2011-12/31/2011	2012	2013	2014	TOTAL
Pre-tax Net Operating Income (NOI)	22,902,000	23,651,000	34,613,000	29,178,000*	110,344,000
Total Donations	166,250	214,000	305,936	378,966	1,065,152
Donations/Pre-tax NOI	0.7%	0.9%	0.9%	1.3%	1%

*As of September 30, 2014

The following is a sample of organizations that received donations from the Bank.

- The Pettengill House: This organization's mission is to reduce poverty and alleviate its devastating impact on individuals and families in the Greater Newburyport area. This community based social service agency offers services to low- and moderate-income individuals with 90.0 percent of their clients at or below the poverty line.
- YMCA - North Shore: The North Shore YMCA provides a number of programs and services to the surrounding communities. The Bank's donation helped fund the development of Powder House Village offering 48 affordable 1, 2, and 3-bedroom housing units in Ipswich as well as a community childcare center. The affordable housing units benefit low- and moderate-income individuals.
- Community Action: The Community Action organization provides food and financial assistance to low-income individuals and families through the organization's food pantry and homelessness prevention program. The organization's mission is to provide resources and opportunities for individuals, families, and communities to overcome poverty and to reach higher levels of self-sufficiency and economic stability.
- ROOF Overhead Collaborative, Inc.: This organization's mission is to provide supportive, transitional housing to families in need in Amesbury, Newburyport, and Salisbury. The organization supports homeless and at risk families as they transition to permanent housing and independent living. ROOF works with social service organizations to provide life skills counseling and support so that families may regain financial independence. The target clients of this organization are low- and very low-income families with children living in the Greater Newburyport Area.
- Jeanne Geiger Crisis Center: The Jeanne Geiger Crisis Center provides social services to low- and moderate-income families. The center offers transitional and emergency housing, counseling, legal representation, education, and promotes economic empowerment. The Bank's donation allowed the center to address needs in priority areas to ensure the continued strength and viability of its programs and services.
- Turning Point Inc.: The organization seeks to respond to the most pressing needs of the communities it serves by providing and developing human services programs that promote empowerment, independence, and self-sufficiency. The Bank's donation allowed Turning Point to eliminate the debt on six 2-bedroom apartments in Newburyport for women and children fleeing domestic abuse. All bedrooms are used for affordable housing. The organization primarily assists low- and moderate-income individuals.
- The Open Door: The mission of this organization is to alleviate the impact of hunger in the community using practical strategies to connect people to good food, to advocate on behalf of those in need, and to engage others in the work of building food security. All the clients of Open Door are low- to moderate-income individuals. The Open Door also offers a food pantry to those in need.

- Best Foot Forward: This non-profit organization offers a variety of services to unemployed or underemployed Merrimack Valley residents. Best Foot Forward provides several major services such as job search direction, interview skills and coaching, clothing and appearance, and transportation assistance. This organization works closely with Our Neighbors Table food pantry and a vast majority of those served are low- and moderate-income individuals.
- YWCA Greater Newburyport: The YWCA in Greater Newburyport is dedicated to serving the needs of the community. The Bank's donation provided the YWCA with funding to continue offering services such as affordable housing for women and families, grants and scholarships for child care and health and wellness programs, racial justice programs, and community partnerships. All of the YWCA's programs primarily serve low- and moderate-income individuals.
- Wellspring House, Inc.: This organization empowers individuals and families to live more secure lives through basic needs assistance, education, and job training. The donation will help support the launch of the Wellspring Education Resource Center that will provide educational advising and mentoring service to low-income students. The target population for this program is low- to very low-income families in the Cape Ann area.
- Citizens for Adequate Housing, Inc.: This non-profit organization's mission is to end homelessness one family at a time. Some of the services offered include emergency shelter, life skills focusing on economic stability, assistance in regaining physical and emotional health, and transitional services from shelter to affordable rental housing. The Bank's donation helped various programs, including management of their affordable rental inns, specialized counseling and support for families, food, clothing, job training, health care, and more. All those served are low- and moderate-income individuals.
- Society of St. Vincent de Paul: This organization provides support to people who are in a temporary situation of need. This donation helped fund fuel and heating assistance to over 500 families in need in the Cape Ann area. All of those served at St. Vincent de Paul are considered low- and moderate-income families and individuals.
- Rowley Food Pantry and Ipswich Food Pantry: These organizations provide food to low- and moderate-income individuals in the Rowley and Ipswich areas.
- Ipswich Caring: This non-profit organization provides assistance to Ipswich families in need. Ipswich Caring provides families with gifts during the holidays, clothing for children, and also provides gift certificates to local supermarkets. All of the families and individuals served are low- and moderate-income.

SERVICE TEST

The Bank's Service Test performance is rated "Satisfactory." The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Institution for Savings has an effective system for delivering retail banking and community development services to the assessment area. The Bank's branches, most with 24-hour drive-up automated teller machines (ATMs), are located throughout the assessment area and are accessible and convenient to low- and moderate-income residents and the area's low- and moderate-income census tracts. In meeting community development service needs, the Bank provides an adequate level of community development services, including financial expertise to community development groups in the assessment area.

Retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Distribution of Branches

The Bank's distribution of branches and ATMs closely mirrors the population percentages and census tract distribution within their assessment area, especially focusing on low- and moderate-income areas. Two of the Bank's branches, as well as one educational branch are located in moderate-income census tracts. Four of the Bank's ATMs are in moderate-income census tracts within the Beverly and Gloucester branches.

Table 10-Distribution of Branches and ATMs						
Census Tract Income	Percent of Tracts	Percent of Population	Branches		ATMs	
			#	%	#	%
Low	2.2	1.2	0	0.0	0	0.0
Moderate	15.6	13.3	3	17.6	4	26.7
Middle	53.3	50.2	6	35.3	3	20.0
Upper	28.9	35.3	8	47.1	8	53.3
TOTAL	100.0	100.0	17	100.0	15	100.0

Record of Opening and Closing Branches

Since the previous CRA evaluation the Bank opened five full service branches and three educational branches. The Bank's Topsfield branch was opened at 5 Main Street, Topsfield MA in April 2013. The Beverly location, located at 4 Colon Street, the two Rockport locations, located at 16 Main Street and 37 King Street, and the Gloucester branch, located at 4 Parker Street were opened in August 2014 as a result of the acquisition of Rockport National Bank. The Main Office in Newburyport, the Storey Avenue branch in Newburyport, and the Topsfield branch are in upper-income census tracts. The Ipswich, Salisbury, and Rockport branches are in

middle- income census tracts. The Beverly and Gloucester branches are in moderate-income census tracts. The educational offices in Newbury, Newburyport, Topsfield, and Ipswich are in upper-income census tracts. The educational office in Beverly is in a moderate-income census tract. The Bank has not closed any branches since the previous examination and the opening and of branches improved the accessibility of its delivery systems, particularly in moderate-income geographies.

Retail Banking Services

Services, including business hours, do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals. The Bank's retail services are accessible to all customers, including low- and moderate-income individuals and residents of the moderate-income geographies of the assessment area. Bank services include traditional deposit products which are available online as well as residential and commercial loan products.

The Bank's hours of operation are convenient and comparable to other local area institutions. Office hours at the majority of the Bank's branch locations are generally from 8:00am-5:00pm Monday through Wednesday; 8:00am-6:00pm Thursday through Friday; and 8:00am-12:00pm on Saturday. The following exceptions apply: The Newburyport office and both Rockport offices close at 4:00pm Monday through Friday, and the Salisbury office closes at 4:00pm Monday through Thursday and stays open until 6:00pm on Friday. The Storey Avenue office in Newburyport and the Gloucester office stay open until 6:00pm Monday through Thursday and close at 7:00pm on Friday. All branches are closed on Sunday. The Bank's branches, most with 24-hour drive-up ATMs, are located throughout the assessment area.

Alternative Delivery Systems

The Bank's delivery systems are accessible to essentially all portions of the assessment area. Bank locations are distributed in such a way that no portion of the assessment area is inconvenienced. Alternative delivery systems are available through multiple online channels and give customers 24/7 access to their accounts.

- Automated Teller Machines: The Bank maintains 15 ATMs, nine of which are 24-hour drive-up ATMs. The remaining six are lobby ATMs available during business hours.
- After Hours Night Depository: Each of the branches, with the exception of the educational branches and the lending office, has an after-hours night depository.
- Online Banking: The Bank offers customers the opportunity to open certain checking and savings accounts online, in addition to the option of opening accounts in person. Although this service does not specifically target low- and moderate-income individuals, the service allows the Bank to reach customers outside of the Bank's immediate ATM network.
- Mobile Banking: In addition to online banking features, the Bank offers goMobile Banking, which allows customers to access their accounts through a mobile phone, enabling them to check balances, transfer funds, pay bills and receive alerts. Customers can also text message the Bank to receive account updates and a history of transactions. This service is free.

- Basic Banking for Massachusetts- The Bank offers low-cost checking and savings accounts that meet the guidelines established by the Massachusetts Community and Banking Council to help meet the identified need for low-cost bank products and services.
- Free Checking and Savings Accounts: The Bank offers a no-fee checking account which requires a \$10.00 deposit and does not accrue interest as well as a no-fee interest bearing checking account for students and seniors.
- Sum Network: The Bank is a member of SUM Network (Interbank network); a registered service mark of the NYCE Corporation that provides surcharge-free ATMs anywhere the SUM logo is present.

Community Development Services

Community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

The Bank provides an adequate level of services targeted toward low- and moderate- individuals throughout its assessment area. Employees and senior management support organizations related to affordable housing, homelessness prevention, elderly housing, and financial education. Senior management and staff are involved in the community by serving in positions at local community development organizations that make use of their technical expertise. The Bank provides an adequate level of financial education throughout the assessment area. The following section includes some examples of the Bank's efforts to engage and educate their community, while providing it convenient access to banking products and services.

- Ipswich Affordable Housing Partnership: This organization provides affordable housing to residents within the assessment area. The majority of the recipients are low- or moderate-income. The Bank President and Chief Executive Officer serves on the Board of this organization.
- The Pettengill House: This non-profit organization supports and empowers children and families by providing education, emergency assistance, extensive case management, family stabilization, and basic needs to the most at-risk residents of the Greater Newburyport community. This community-based social service agency offers services to low- and moderate- income individuals with 90 percent of their clients at or below the poverty line. A Vice President serves as President and on the Board of the organization. An Assistant Vice President of the Bank also serves on the Board.
- Boys & Girls Club of Lower Merrimack Valley: This non-profit organization promotes social, educational, health, leadership, and character development of boys and girls during critical periods of their growth. A majority of its members are low- and moderate-income individuals. A Vice President serves as the Secretary of the organization's Board of Directors.

- Top Cupboard Food Pantry: This non-profit organization serves the residents of Topsfield, MA by providing food to those in need, specifically low- and moderate-income individuals and families. An Assistant Vice President serves on the Board.
- Elder Services of Merrimac Valley: Money management volunteers act as bill payers and provided ongoing direct service in preparation of bill paying and budgeting and basic checkbook balancing enabling the low-income, disabled or elderly clients to prolong an independent way of life with minimal intervention. The Bank's Vice President of Commercial Lending is a money management volunteer with Elder Services of Merrimac Valley.
- Turning Point Inc.: This non-profit organization responds to the most pressing needs to the communities it serves by providing and developing human service programs that promote empowerment, independence, and self-sufficiency. The majority of the clientele are low- and moderate-income individuals. A Vice President serves as a Board Member and a Finance Committee Member.

First-Time Homebuyer Programs

The following are a listing of the first-time homebuyer seminars the Bank participated in during the evaluation period:

- Coastal HomeBuyers Education Inc.: A homebuyer education program that is certified by Citizens Housing and Planning Association (CHAPA), Massachusetts Housing Partnership (MHP) Fund, MassHousing and serves as a pre-requisite for many financing programs. The majority of individuals registering for this course are low- and moderate-income. One of the Bank's Loan Officers instructed this course once in 2013 and once in 2014.
- First Time HomeBuyer Class: The Bank offers a first-time homebuyer class for Bank customers and non-Bank customers. The majority of customers who signed up were considered low- or moderate-income individuals or families. One of the Bank's Loan Officers instructed this course once in 2013 and once in 2014.

Other Community Development Services

Interest on Lawyers Trust Account ("IOLTA"): The Bank participates in this program. Under an agreement with the Massachusetts Bar Association, interest paid on these accounts is used to provide legal assistance to indigent, low- and moderate-income people in need of legal services. IOLTA funded programs of Massachusetts provide legal assistance to over 100,000 individuals across the State. IOLTA continues to be the primary source for consumer, family, education, disability, and elder law services for low-income clients.

Basic Banking: The Bank is a member of the Massachusetts Community & Banking Council's Basic Banking Program. This Statewide program is designed to offer low-cost checking and savings accounts to low- and moderate-income individuals.

Donald D. Mitchell Community Room: The Bank's lending office includes a community meeting room open for use to area organizations free of charge. Organizations benefiting from the use of this room include: Hugh Doyle Resource Center; Society for the Relief of Aged Women; ROOF Overhead; and Jeanne Geiger Crisis Center. All of the organizations mentioned assist in servicing low- and moderate-income individuals.

Habitat for Humanity: This is a non-profit housing ministry dedicated to eliminating poverty and homelessness from the world. This organization is committed to making decent shelter a matter of conscience and action. The Bank services, free of charge, mortgage loans for Habitat for Humanity. The Bank prepares and mails monthly bills, posts the payments on their core servicing system, and the loan proceeds are swept into the Habitat for Humanity checking account. Also, the Bank holds the notes and all legal documents on each of these loans for safekeeping and the Bank will, upon request, prepare and issue payoff statements.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A

Fair Lending Policies and Practices

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

The Bank has a written Fair Lending Policy. The Bank provides ongoing educational opportunities to employees, members of the Board and management on fair lending regulations. The Bank employs a second review process and makes exceptions to the loan policy.

MINORITY APPLICATION FLOW

The Bank's HMDA LARs for 2013 and YTD 2014 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the assessment area's demographics.

According to the 2010 U.S. Census Data, the Bank's assessment area contained a total population of 206,115 individuals of which 6.0 percent are minorities. The assessment area's minority and ethnic population is 0.7 percent Black/African American, 1.4 percent Asian, 0.1 percent American Indian, 2.4 percent Hispanic or Latino and 1.4 percent other.

For 2013, the Bank received 664 HMDA reportable loan applications from within its assessment area. Of these applications, 16 or 2.4 percent were received from minority applicants, of which 14 or 87.5 percent resulted in originations. The aggregate received 2.1 percent of loan applications from minority applicants and 71.8 percent were originated. For the same time period, the Bank also received six or 0.9 percent of applications from Hispanic applicants within its assessment area of which 100.0 percent were originated versus the aggregate that received 1.5 percent of total applications from Hispanic applicants of which 69.5 percent were originated.

For YTD 2014, the Bank received 380 HMDA-reportable loan applications from within its assessment area. Of these applications, ten or 2.6 percent were received from minority applicants, of which all resulted in originations. For the same time period, the Bank also received five or 1.3 percent of applications from Hispanic applicants within its assessment area of which one or 20.0 percent were originated.

The Bank's level of lending was compared with that of the aggregate's lending performance level for the most recent year that data was available, the year 2013. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to Table 11 for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

Table 11 MINORITY APPLICATION FLOW					
RACE	Bank 2013		2013 Aggregate Data	Bank YTD2014	
	#	%		#	%
American Indian/ Alaska Native	1	0.1	0.1	0	0.0
Asian	2	0.3	0.9	3	0.8
Black/ African American	1	0.1	0.2	1	0.3
Hawaiian/Pacific Islander	0	0.0	0.0	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	12	1.8	0.8	6	1.6
Total Minority	16	2.4	2.1	10	2.6
White	559	84.2	77.6	305	80.3
Race Not Available	89	13.4	20.3	65	17.1
Total	664	100.0	100.0	380	100.0
ETHNICITY					
Hispanic or Latino	2	0.3	0.7	1	0.3
Not Hispanic or Latino	562	84.6	78.2	306	80.5
Joint (Hisp/Lat /Not Hisp/Lat)	4	0.6	0.8	4	1.0
Ethnicity Not Available	96	14.5	20.3	69	18.2
Total	664	100.0	100.0	380	100.0

Source: US Census 2010, HMDA LAR Data 2013 and YTD2014, HMDA Aggregate Data 2013

The Bank's performance was above the 2013 aggregate's performance level for minority and below for ethnic applicants. The Bank received 2.4 percent for minorities while the aggregate was 2.1 percent. The Bank received 0.9 percent while the aggregate received 1.5 percent for ethnic minorities.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is reasonable given the aggregate lending and the demographics of the assessment area.

APPENDIX B

Loss of Affordable Housing – Massachusetts Division of Banks

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

Institution for Savings Bank's development of credit products with flexible lending criteria, participation in flexible lending programs, community development lending, and lending to low- and moderate-income borrowers has assisted low- and moderate-income individuals to remain in their neighborhoods.

APPENDIX C

Glossary

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved non-metropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional

financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community development loan: A loan that

(1) has as its primary purpose community development; and

(2) except in the case of a wholesale or limited purpose bank:

(i) has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and

(ii) benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community development service: A service that

(1) has as its primary purpose community development;

(2) is related to the provision of financial services; and

(3) has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Areas (CBSAs): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed middle-income nonmetropolitan geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

(1) an unemployment rate of at least 1.5 times the national average;

(2) a poverty rate of 20 percent or more; or,

(3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Adjusted Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: Performance under the applicable tests is analyzed considering performance context, quantitative factors (geographic loan distribution, borrower profile loan distribution, and total number and dollar amount of investments), and qualitative factors (innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the income of applications, the amount of loan requested, and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: Performance under the applicable tests is analyzed using only quantitative factors (geographic loan distribution, borrower profile loan distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and the other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Non-metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and non-metropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SCIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income nonmetropolitan geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for:

- population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and
- distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin). “Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 93 State Street, Newburyport, MA 01950".

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.